

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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PUBLIC SERVICE
COMMISSION

IN THE MATTER OF the Consideration)	
of the Adoption of Energy Policy Act of)	
2005 Standards Regarding Net Metering,)	UTILITY DIVISION
Fuel Diversity, Fossil Fuel Generation)	
Efficiency, Smart Metering, and)	DOCKET NO. N2006.5.60
Interconnection)	

COMMENTS BY RENEWABLE NORTHWEST PROJECT AND
NATURAL RESOURCES DEFENSE COUNCIL

Renewable Northwest Project and Natural Resources Defense Council submit the following comments on the net metering, interconnection, and fuel diversity standards in the Energy Policy Act of 2005. §§1251 & 1254, EAct 2005. We begin our consideration from the premise that, generally speaking, a sound energy policy is one that is uniformly applied and that the Commission, to the fullest extent possible, should work to promote responsible state wide energy policies.

Net Metering: Montana's legislature has adopted a net metering law for Montana's distribution utilities. § 98-8-601 *et seq.* MCA (2005). This law is comparable to the net metering standard contained in EAct 2005. Thus, at least, insofar as NorthWestern Energy (NWE) is concerned, Montana's law is sufficient and the Commission need not act.

With respect to Montana-Dakota Utilities (MDU), however, the situation is different. The net metering law, by its terms, applies to MDU as a "distribution utility." However, the law was codified incorrectly, placed in Chapter 8 of Title 69. Accordingly,

by virtue of the operation of §69-8-201(9), which allows utilities that do not operate within the Columbia Basin to “defer compliance with ... chapter [8], there is an argument that the net metering law does not apply to MDU.

The Commission should take the opportunity provided by the EPAct 2005, and its requirement to consider the net metering standard, to impose on MDU the same obligations with respect to net metering as are imposed on NWE. Doing so, first of all, simply gives effect to the clear intention of the legislature that the net metering law should also apply to MDU. Second, and equally important, the net metering law is good energy policy, as recognized by EPAct 2005, and there is no reason that it should apply to just NWE.

Interconnection: There are two key considerations involved here. First, interconnection standards must not disadvantage small-scale distributed generation. Second, uniformity is vital. Uniform standards are necessary within a state in order to facilitate the use and development of distributed technologies. And, uniformity is necessary between states in order to support the creation and implementation of economic markets for distributed technologies, including renewable resource technologies.

Much has already been done around the country to ensure that interconnection procedures and agreements are reasonable and appropriate and are uniform. Indeed, the National Association of Regulatory Utility Commissioners (NARUC) model standards were cited in the interconnection standard provision as a source of “current best practices.” EPAct 2005, §1254(16).

The Commission could consider existing interconnection standards, beginning

with the NARUC model, and devise a set of interconnection procedures and agreements for utilities to follow. Alternatively, because the issues here can be complex and involved, the Commission could, as allowed under PURPA, convene a technical conference for the purpose of allowing interested parties and Commission staff to work through these issues. In either case the end result should be a set of interconnection procedures and agreements for utilities and generators to follow.

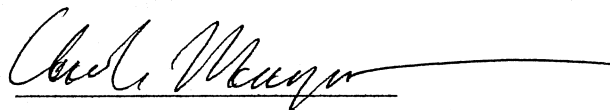
Fuel Sources: While both NWE, through its default supply plan, and MDU, through its integrated resource plan, are to evaluate the benefits associated with a diverse fuel supply, neither utility is required to actually develop a “plan to minimize [its] dependence on 1 fuel source.” Indeed, both utilities remain heavily reliant on coal. Accordingly, the Commission should adopt this standard and incorporate it into the default supply guidelines and integrated resource plan rules.

Furthermore, as a way to ensure that the benefits of renewable resources are not overlooked in a cloud of uncertainty, the Commission should require that both utilities, under Commission direction, undertake sophisticated, peer-reviewed studies of wind integration on their respective systems. Such studies would provide clarity regarding the ability of each utility to accommodate wind generation. There are many individuals and entities that could undertake such an analysis. One such individual that comes immediately to mind is Eric Hirst, who is very familiar with wind integration in the Northwest.

In conclusion, we believe that the Commission should seek to promote renewable resource development by ensuring that MDU is covered by Montana’s net-metering law,

by adopting reasonable, uniform interconnection standards, and by ensuring that resource portfolios are diverse and include renewable resources.

Respectfully submitted,

A handwritten signature in cursive script, reading "Charles Magraw", followed by a long horizontal line extending to the right.

Charles Magraw

on behalf of Renewable Northwest Project
and Natural Resources Defense Council

July 16, 2006